

## TABLE OF CONTENTS

INTRODUCTION	1
SCOPE	1
EXECUTIVE SUMMARY	2
PROGRAM OFFICE RESPONSE	2
SUMMARY OF FINDINGS AND RECOMMENDATIONS	
Costs not Allowable Per the Contract Budget or not Supported by Accounting Records	3
Budgeted Amount Billed Rather than Actual Costs	3
Costs in Excess of Line Item Budget	3
Underbilled Costs	3-4
Eligibility	4

## **INTRODUCTION**

The Office of Internal Audit performed an audit of 5 of the Before and After School Programs (BA) that were operated by agencies who contracted with the Family Independence Agency (FIA) in FY 2003. The total amount of contracts awarded to the 24 agencies was \$9,848,627.83. The total amount of the contracts awarded to the 5 agencies included in our audit was \$981,105.64. As of July 25, 2003, FIA had made total payments of \$5,662,234.32 to the 24 agencies, with \$882,178.70 going to agencies included in our audit.

The purpose of the BA Program was to provide a Before and After School Program for TANF eligible children in grades K-9. The contract agencies provided activities such as academic development, computer labs, tutoring, parent and student social activities and events, student clubs for hobbies and interests, leadership development, intramural sports, life skills programs, and various types of group discussions. The contracts covered the period October 1, 2002 through June 30, 2003. The Before and After School Program contractors were reimbursed for actual costs incurred through the submission of monthly billings to FIA.

## **SCOPE**

We reviewed each contractor's billing reports to determine if their billings were accurate, and if costs billed were allowable per the terms of the contract, and properly supported by the accounting records and supporting documentation. We also tested to determine if TANF forms were on file to document eligibility for the students who participated in the program.

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that many of the contractors' billings were inaccurate, and many costs billed were unallowable and not properly supported by the accounting records and other supporting documentation. We found cases where contractors billed for costs that were not included in the contract budget. These costs were incurred for the BA Program, but the contractors did not anticipate the costs and did not include them in their budgets. We also found instances where contractors did not have documentation to support some of the costs charged, or used improper allocation methods. Some of our findings that identified over and under billings were for relatively significant amounts. In most cases the contractors agreed with our findings, and agreed to either adjust their future billings or have FIA recoup the overbilled amount.

Based on our review of TANF forms at each provider, we concluded that the forms had been completed for all of the participants. However, we noted that frequently the contractor is not signing the forms.

A summary of our findings and recommendations resulting from our audit of the five contractors follows.

## **PROGRAM OFFICE RESPONSE**

The Program Office responsible for the Before and After School Program has reviewed all findings and recommendations included in this report. They indicated in an e-mail dated August 22, 2003 that they are in general agreement with the report.

## **SUMMARY OF FINDINGS AND RECOMMENDATIONS**

### **Costs not Allowable Per the Contract Budget or not Supported by Accounting Records**

1. Three of the 5 contractors we audited billed for costs that were disallowed because they were either not allowable per the terms of the contract budget or not supported by the contractor's accounting records. The total billed by the 3 contractors for these items was \$28,900.38. We recommended Field Services Administration (FSA) initiate the process to recoup overpayments.

### **Budgeted Amount Billed Rather than Actual Costs**

2. Two of the 5 contractors included in our audit overbilled \$8,242.49 for costs because they billed the budgeted amount rather than billing for actual costs incurred. We recommended in one case (where the contractor had a net underbilling) that FSA instruct the contractor to correct their billings for the amount overbilled. In the other case we recommended FSA initiate the process to recoup the overpayment.

### **Costs in Excess of Line Item Budget**

3. As a result of an audit adjustment one of the contractors had costs of \$467.98 in excess of the amount allowed by the budget for that line item. We recommended FSA either allow the contractor to apply for a line item transfer for the \$467.98 they are over budget, or initiate the process to recoup the funds.

### **Underbilled Costs**

4. Two of the 5 contractors underbilled FIA \$10,168.20 for costs incurred during their contracts. In one case they omitted these costs from their billings, and in the other case the costs had previously been charged to the wrong line item. These

costs were allowable according to their contract budgets. We recommended in one case that FSA instruct the contractor to correct their billings for the amount underbilled. In the other case where there was a larger overpayment amount involved we deducted the underbilled costs from the overbilled costs and recommended FSA initiate the process to recoup the remaining overpayment.

#### Eligibility

5. According to records at the sites we visited, approximately 1097 students participated in the program at those 5 sites. We selected a total sample of 397 participants at the 5 sites, and reviewed to determine if TANF forms for the BA program participants were on file. TANF forms were to be completed to document the family income level and other statistics relevant to participation in the before and after school program. TANF forms were found for all students, however it was noted that 3 of the contractors were not consistently signing the forms. We also found that the agencies kept attendance records for the classroom and field trip activities. We recommended FSA ensure that the TANF forms are signed to certify eligibility in the future.